

Buying In

Expanding business with a franchise or dealership

By Jonathan Sweet, Editor in Chief

With the housing crash and resulting shift in project types and sizes, many remodelers have been looking to make changes in their business.

One popular solution has been adding a franchise or dealership to take advantage of a niche such as bathroom remodeling or window replacement to supplement larger custom projects.

For more than 25 years, Roger Mills ran a custom home building and remodeling business in Reno, Nev., but didn't think the housing boom would last.

"We kind of felt that business wasn't going to be the right way to go, it wasn't going to be sustainable," Mills says. "I wanted a niche that would separate us from everyone else around."

Mills identified the kitchen and bath category as one that would have more legs, even if the housing market slowed, and several years ago launched One Day Bathrooms. He started out as a dealer for BCI Acrylic Bath Systems and since has become a dealer for Sentrel Bath Systems.

"In remodeling, this is one of the better niches there is because it's needed," Mills says. "When bathrooms get old, they get old. When they get to the point where they don't function you have to do something."

Gribben Construction Co. was also built on large custom remodeling and new construction projects, with job size ranging from \$300,000 to \$1 million. The Stuart, Fla., company saw that business almost completely disappear after the housing market crashed.

So two years ago, company founder Ed Gribben bought a Dream-Maker Bath & Kitchen franchise.

"If it wasn't for this franchise, I probably wouldn't be in business," Gribben says. "My main business still hasn't recovered, but now that I can do remodeling, custom homes and kitchen and bath remodeling, we're busy and back doing projects."

Besides opening up the kitchen and bath category for the company, DreamMaker has also helped Gribben improve his business. Although he founded Gribben Construction in 1986, Gribben says he still has learned from the management training and systems DreamMaker provides. That's commonly one of the largest advantages of franchises that franchisees cite.

"They do have business down to a science," Gribben says. "They have systems in place for selling, for marketing, for accounting. You're not reinventing the wheel."

The deals Gribben has been able to get on pricing because of Dream-Maker's national buying power have also helped the company protect

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its margins on items like cabinetry, faucets and sinks.

While some contractors worry about the restrictions of franchises, as far as Gribben is concerned, there has been no downside to his DreamMaker purchase.

Mills, on the other hand, opted not to consider a franchise because he wanted freedom to sell any products he wished.

“Being independent for 25 years, it didn’t strike me as something I wanted to do,” he says. “I didn’t want to be locked in.”

From the outside in

David Bobby started Atlas Home Improvement in 1989 as a Gutter Helmet dealer. Since then, the company has added seamless gutters, insulation, roofing, siding and, most recently, a BathWraps dealership from Liners Direct.

The Whitmore Lake, Mich., company has always focused on selling premium-level products in the niches it serves, and BathWraps fit well with its other offerings, says principal Darian Bobby, who joined his father’s business in 1999.

“The problem was we were missing something we could do year-round,” Bobby says. “We were too seasonal.”

Bathroom remodeling now accounts for about 50 percent of the company’s business, much of it from Atlas’s 14,000 existing customers in southeast Michigan. Those clients had been asking Atlas to do other work over the years, which is what has driven much of the company’s expansion into other areas.

The Atlas management team had been leery about expanding the business into bath systems until BathWraps was recommended by a fellow Gutter Helmet dealer in Virginia.

“We originally looked seven or eight years ago, but when we researched it, we found that there were a lot of complaints and a lot of unhappy customers, so we were thinking this was not a business we wanted to be in,” Bobby says.

The Bobbys visited that Virginia dealer to see installed projects and talk to clients, a step they recommend before making any sort of franchise or dealership decision.



Bathroom remodeling using Liners Direct’s BathWraps product now accounts for about half of Atlas Home Improvements volume. The company, in business since 1989, had been built on exterior remodeling projects.

“Before you get involved in some kind of new product, get a referral,” Bobby says. “That made it a lot easier for us because we already knew this person was having a lot of success with it.”

Gribben offers similar advice. Before purchasing his DreamMaker franchise, he visited four different franchises, talking to them about their experiences and how it had benefited them.

“Anyone getting into a franchise should get a list of other franchisees and make sure everything the franchisor told you was true,” he says. “I listened to what they had to say and then I verified it.”

FRANCHISE AND DEALER OPPORTUNITIES

ABC Seamless

ABC Seamless manufactures steel siding, gutter systems, steel roofing and metal soffit and fascia. The company has been providing franchisees since the late 1970s and has more than 100 franchises nationwide. Franchisees can receive sales and marketing support, assistance with financing and hands-on installation training.

www.abcseamless.com

Archadeck

Archadeck is the nation's largest builder network specializing in custom-designed and custom-built decks, screened porches, sunrooms, gazebos and related outdoor living structures. The company started in 1980 and offers ongoing training, sales support and marketing assistance. Archadeck estimates start-up costs of \$102,000 to \$143,000 for a franchise.

www.archadeck.com

BCI Acrylic Bath Systems

BCI is a manufacturer of acrylic bath liners, shower liners and wall surrounds. The company offers dealer opportunities with no franchise or royalty fees. Dealers receive installation training for the company's one-man, one-day installations, as well as sales support and the use of the company's "Build Your Bath" in-home sales software.

www.bciacrylic.com

DreamMaker Bath & Kitchen

DreamMaker Bath & Kitchen by Worldwide is an exclusive bath and kitchen interior remodeling franchise organization, with franchisees nationwide and more than 30 years experience. Franchisees own the exclusive rights to the name and concept in their territories. The DreamMaker system covers almost every aspect of running a business, including sales, production, marketing and finance, along with ongoing support and training.

www.dreammaker-remodel.com

Four Seasons

With more than 300 franchises and dealers around the world, Four Seasons has been a leader in glass room and outdoor product design,

manufacturing and marketing since its inception in 1975. Franchisees are granted exclusive territories for the Four Seasons line of sunrooms, enclosures, patio covers, windows, awnings and other products.

www.fourseasonssunrooms.com

Gutter Helmet

Gutter Helmet dealers sell and install the No. 1 brand for preventing clogged gutters. Dealers benefit from an extensive lead generation program, including a national advertising and infomercial campaign, as well as ongoing sales and marketing training and support.

www.gutterhelmet.com

Handyman Connection

Founded in 1990, Handyman Connection offers franchises in the home repair segment. Franchisees receive branded logos and other national marketing support. New owners receive training at the company headquarters as well as on-site and access to Handyman Connection's proprietary scheduling and management software. An annual benchmarking study helps franchisees measure success.

www.handymanconnection.com

HomeVestors

HomeVestors, the "We Buy Ugly Houses" people, has been franchising since 1996, based on the concept of buying, rehabbing and reselling homes. The company is the No. 1 buyer of houses in America. Franchisees benefit from the company's extensive advertising, as well as coaching and training from experienced HomeVestors agents in the company's strategies for selling quickly.

www.homevestors.com

Liners Direct

Liners Direct offers dealer opportunities for its Bathwraps product, a line of custom bathtub and shower liners. There are no dealer or franchise fees, and dealers get a protected geographic area, manufacturer certified training, marketing support and the opportunity to attend frequent dealer network events.

www.bathwrapsnow.com

PROS & CONS OF FRANCHISES

Franchises can be a great way to expand into a new business, but they're not without their pitfalls. Here are some pros and cons of buying a franchise.

PROS

- **National Support** — You're not on your own when it comes to marketing, sales, installation training, etc. Most national franchises offer support across the board, not only from the franchisor, but also through networking with other franchisees.
- **Turnkey System** — Franchises can give you a business system that has proven successful in other markets.
- **Buying Power** — Franchises often offer a chance to buy product at a discount through the power of group buying.
- **Recognized Brand** — Many franchises have a name brand that is recognized by consumers, which can speed up branding in your marketplace

CONS

- **Start-up Costs** — Buying into a franchise adds to the expense of launching a new division or entering into a niche. If you already have brand recognition, it may not be worth it.
- **Royalty Payments** — Many franchises require ongoing payments. You'll need to weigh the advantages of the franchise versus the added expense.
- **Less Freedom** — Owning a franchise can tie you into buying specific products to the exclusion of others. That may limit your opportunity to take advantage of new innovations and trends.

Owens Corning

Owens Corning offers opportunities in basement finishing, SunSuites sun-rooms and Solace Windows. Franchisees receive the benefit of the Owens Corning name, along with marketing support, sales training, technical production training and hands-on installation training. They also have access to exclusive Owens Corning products and an exclusive territory.

www.franchising.owenscorning.com/franchise-opportunities/bfs.aspx

Paul Davis Restoration

Paul Davis Restoration is a network of more than 220 franchises in the insurance restoration business. Founded in 1966, Paul Davis Restoration was the first to use computerized estimating for its insurance restoration work and the first network to partner with insurance carriers. Paul Davis Restoration franchisees receive exclusive territories and extensive sales and marketing support. The company also offers Paul Davis Emergency Services, a lower-cost option with fewer franchise benefits.

www.pdrestitution.com

Renewal by Andersen

Renewal by Andersen is a subsidiary of Andersen Corporation specializing in window and door replacement, with a network of over 100 retailers spanning coast to coast. The company is looking for existing window replacement companies that want to carry the Renewal line. Dealers have an exclusive territory and receive other corporate support.

www.renewalbyandersen.com

Sentrel Bath Systems

Sentrel utilizes a new bathroom wall system that uses a state of the art digital imaging process to create wall panels. Each wall panel is custom fabricated and come in natural granite, marble and stone travertine styles. The company offers three levels of dealers: Dealers, Premium Dealers and Dealers/Distributors, with discounts based on volume of purchases.

www.sentrelbathsystems.com

Window World

Window World is the "Home of the Original \$189 Replacement Windows." With more than 200 store locations, Window World installs more than 1 million vinyl replacement windows annually. Window World franchises offer protected location territories and in-depth start-up and ongoing monthly training.

www.windowworld.com